

THRU : Chief, St/I  
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10 October 1958

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Targets on Poland

#### OBJECTIVE

All targets listed below are sought under objective II d. of DCID 1/3, dated 21 April 1958:

"The strengths and weaknesses of the Soviet (including Satellite) economy, with particular reference to its ability to support a major war; the motivation, character and magnitude of current economic development programs, their implementation and their effect upon the economic, political, and military strength of the Soviet Bloc; the capabilities and vulnerabilities of the Soviet and Satellite internal communications system."

#### BACKGROUND

Polish foreign trade continues to undergo a period of reorganization which was started shortly after the inception of the Gomulka regime. The Ministry of Foreign Trade and the Polish Chamber of Foreign Trade have been reorganized, and changes have taken place in the import-export monopolies.

Although Polish economic ties with Bloc countries continue to be of great importance, trade with Western countries continues to increase both relatively and absolutely. Detailed plans for the geographic distribution of Polish foreign trade in 1959 and 1960 constitute an urgent priority.

More information is currently available on Polish foreign trade than at any time in the postwar period; nevertheless there are many areas of knowledge where priority targets remain to be filled. Detailed information on the

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relationship between internal and foreign trade prices, the amount of Polish indebtedness to Bloc and Western countries (and payments on that indebtedness), details of future foreign trade plans, and comprehensive comparisons of export and import prices of various commodities are not currently available.

For example, because the internal price system is insulated from foreign influences, the price at which a foreign trade monopoly purchases an export commodity from the producing enterprise is typically much higher than the price it receives (when converted into zlotys at the official exchange rate) from a foreign buyer. The difference, a price equalization payment or subsidy, is made up from the budget. We do not know which agency in Poland pays these subsidies and collects gains resulting from import price differentials. There may be a special "price-equalization fund" as there is in GDR and Hungary, or the Ministry of Finance or National Bank may do the job. An annual report, showing the zloty price of exports, the ruble receipts from the same exports, and the subsidy paid by commodity group and by country -- and the same information, mutatis mutandis, for imports -- is a priority target.

#### INDIVIDUAL TARGETS

##### A. Strengths and Weaknesses of the Economy.

###### Basic Guidance

The volume and character of foreign trade as shown in foreign trade plans; copies of Polish trade agreements or protocols with the Bloc countries containing details as to commodities, prices and payments arrangements; any classified copies of the current Five-Year or of any annual foreign trade plans.

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Detailed data on foreign trade prices, giving quantities, values and countries of origin or destination for commodities; detailed information on the relationship between internal and foreign trade prices, including the existence and operation of a price equalization fund; Polish indebtedness to Bloc and non-Bloc countries; Poland's foreign exchange and gold position, especially availability thereof for use in purchasing imports.

<u>No.</u>	<u>Target</u>	<u>Location</u>
1	Classified documents showing the relationship between internal and foreign trade prices.	Ministry of Foreign Trade, Ministry of Finance, National Bank of Poland, or individual import-export monopolies, Warsaw.
2	Documents relating to Polish indebtedness to Bloc or non-Bloc countries or payments thereon. Data on Poland's foreign exchange and gold holdings.	National Bank of Poland, Warsaw Bank of Commerce, Bank P.K.O., or Ministry of Finance, Warsaw.
3	Classified version of the foreign trade portion of the Five-Year Plan (1956-1960) or any of the annual plans.	State Planning Commission, Ministry of Foreign Trade, or individual ministries in Warsaw.

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B. Implementation of Current Economic Development Programs.

Basic Guidance

Classified reports of the Commission for the Reorganization of Foreign Trade setting forth its recommendations; classified reports of the Ministry of Foreign Trade showing implementation to date of the recommended reorganization of the foreign trade apparatus and plans to be put into effect in the future.

<u>No.</u>	<u>Targets</u>	<u>Location</u>
4	Classified reports of the Commission for the Reorganization of Foreign Trade or the Ministry of Foreign Trade containing recommendations of the former for reorganization of Polish foreign trade and steps taken by the latter to reorganize the foreign trade apparatus. Information on any changes in foreign trade or international finance resulting from adoption of the New Economic Model.	Ministry of Foreign Trade, Commission for the Reorganization of Foreign Trade, or Planning Commission (Economic) in Warsaw.

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